



LET ME INTRODUCE MYSELF



Presenter: Jackie Ferrado

Associate Director for Community Engagement

<u>jackief@wsac.wa.gov</u>

360.485.1198 (office)

360.764.9204 (cell)





WHAT I WILL COVER



Helping our kids succeed



529 Basics



Program Features & Benefits



Opening Accounts and other Resources



Q&A

WHAT I WON'T COVER



Legal, financial, tax or benefits advice



In-depth personal circumstances and scenarios



STUDENT SUCCESS AND 529s

STUDENT SUCCESS

JOB AND CAREER OPPORTUNITIES

REDUCE POTENTIAL STUDENT LOAN DEBT

A report by the Center for Social Development, indicates that a child with a dedicated college savings account, such as a 529 plan, are seven times more likely to graduate from high school and pursue additional education toward career and job training.

According to the <u>Center of Education and</u> <u>the Workforce</u>, nearly 70% of job openings require some form of education beyond high school .

Savings provides the opportunity to reduce the burden of excess student loan debt – which is now nationally over \$1.7 trillion.



WHAT ARE 529 PLANS?

Tax-free Growth and Distributions



Earnings grow tax-free and distributions remain tax-free when used for qualified educational expenses at eligible educational institutions nationwide and some schools abroad.

College Savings Plans Network (learn about 529 plans nationwide): www.collegesavings.org



WHAT ARE 529 PLANS?



For Qualified Educational Expenses

Tuition, fees, room and board, books and required supplies, some existing student loan debt.



At Eligible Educational Institutions –

Public, Private, Community, Technical/Vocational schools, registered Apprenticeship Programs.



Types of 529 Plans





TRADITIONAL COLLEGE SAVINGS PLANS







GET AND DREAMAHEAD OVERVIEW

	Guaranteed Education Tuition (GET) Program 529 Prepaid Plan	DreamAhead College Investment Plan 529 Savings Plan
Residency	At the time of enrollment, the student and/or the account owner must live in Washington state.	Account owners and students can have residency in any state, at anytime.
Enrollment Period	November 1 – May 31 annually	Enrollment is open year-round
Value	Value tied to tuition growth of the highest priced WA public University. The Guarantee	Value tied to investment performance
How it works	 How GET Works – Unit based (100 units = 1 Year) Initial contribution at least 1 unit within 90 days Annual Unit Price – purchase whole or partial units Regular contributions build up units in account 	 How DreamAhead Works - Investment based \$25 initial contribution Investment performance changes periodically Regular contributions build up account
Getting Started	 Purchase units: Decide how much and when you want to make contributions. Decide how you want to make contributions (check, bill pay, payroll deduction, ACH). 	 Choose an investment portfolio: Age-based portfolio (self adjust) Risk-based, fixed allocation portfolio A combination of portfolios Decide how you want to make contributions (check, bill pay, payroll deduction, ACH).
Minimums/Maximums	Lifetime maximum per beneficiary – 800 units Student beneficiary can use up to 200 units per academic year.	Maximum contribution is \$500,000 (in DreamAhead only or between a DreamAhead and GET with the same beneficiary).



GIFTING TO A 529 PLAN

- Perfect gift for any occasion especially holidays, birthdays, baby shower and important milestones.
- Family and friends can send a contribution in a variety of ways.
 - Send a check or money order
 - Set up an auto payment through their bank or employer
 - Use their personal bill pay service. Visit <u>Give A Gift</u> for details.
- Gift Tax Exclusion for large contributions:
 - Up to \$17,000 a year, per beneficiary, are exempt from gift taxes (up to \$34,000 for married couples).
 - A lump-sum contribution of up to \$85,000 (\$170,000 if married) per beneficiary and then average the contribution over a five-year period without triggering the gift tax -- provided you make no other gifts to that beneficiary for the next five years.



Give a Gift





529 Plans & Financial Aid

Parent or Beneficiary is 529 plan account owner:

- Considered a parental asset.
 - Best outcome for need based financial aid eligibility.
 - Calculates up to 5.64% of the account value.
 - Read How Will My 529 Plan Affect My Financial Aid?



Grandparent/non-custodial parent or another person is 529 account owner:

- Currently consider untaxed cash support.
 - Updated FAFSA rules means student may not need to report cash support.
 - CSS Profile may still consider it.
 - o Read more about updated FAFSA rules



When You're Ready To Use IT



Login to GET or DreamAhead Account



Initiate a direct payment – funds go directly to the institution.



Initiate a reimbursement – funds go to the account owner or the student.



Distributions and expenses must occur in same calendar year.

Pay for School



"COMMON QUESTIONS"

What if the student receives a scholarship?

Use for other expenses, hold and use another year, transfer to another family member, refund.

What if the student decides not to go to college?

Wait to use it, transfer to another family member, refund.

Can I refund my GET or DreamAhead account?

You can request a refund of your <u>GET</u> or <u>DreamAhead</u> account. Earnings will be taxable, and the IRS may assess an additional 10% penalty fee on earnings. Review the FAQs and Program Details Guide for each plan for specific details.



Check for additional FAQs



GETTING STARTED



Have ready:

- Name, address, DOB and SSN for the intended Account Owner, Beneficiary and others.
- Plan choices.



Open an account online at <u>529.wa.gov</u>.

- Select GET or DreamAhead.
- Complete enrollment and receive account number(s) confirmation.
- Receive welcome email with additional information.



Start Saving

- Set up scheduled contributions.
- <u>Tell</u> family and friends how they can help.
- Plan to review annually.





DIVERSIFY YOUR SAVINGS EFFORTS

Diversify savings with other options that complement a GET and/or DreamAhead 529 plan:

- Coverdell Education Savings Accounts (ESA)
- Custodial Accounts (UGMA or UTMA)
- Roth IRA
- Gerber Life
- Bank or Credit Union Savings Accounts

Additional ways to Save



What questions do you have?





ADDITIONAL RESOURCES

Website Link	Site Details
Washington 529 Education Savings Plans (WA529)	Learn more about the Guaranteed Education Tuition (GET) Program and DreamAhead College Investment Plan.
Washington Student Achievement Council	State Financial Aid Administrator, Washington College Grant, College Bound Program, College and Career Compass, The Washboard, 12 th Year Campaign and more.
College Savings Plan Network	Independent source of all 529 plans nationwide.
IRS Publication 970, Chapter 7	Tax and benefits information, qualified expenses and more.
<u>Federal School Code Search</u>	Find the school code for eligible schools nationwide and abroad.
Apprenticeship Program Search, WA State	Find a registered Apprenticeship Program in Washington
Apprenticeship Program Search, Nationwide	Find a registered Apprenticeship Program Nationwide
FAFSA Changes and Grandparent Owned 529s	Grandparent 529 Plans Get A Boost From New FAFSA Form
Planning for Higher Education for Families Activity and Resource Guide	Planning guide to help parents plan and prepare for paying a child's higher education expenses.



Virtual Learning Center WA529Outreach@wsac.wa.gov

529.wa.gov/webinars

Visit the <u>WA529 Knowledge Café</u> for webinar information and registration, Q&A with WA529 sessions, and videos to learn more about GET and DreamAhead.

529 in 5_{to 9}

Short on time? Check out the 529 in 5 to 9 miniseries where we'll tackle common questions about 529 plans in quick 5-to-9-minute bites.





CONTACT FOR HELP OR QUESTIONS



800.955.2318

GETInfo@wsac.wa.gov



844.529.5845

www.dreamahead.wa.gov/contact-us



Jackie Ferrado, WA529 Associate Director for Community Engagement <u>JackieF@wsac.wa.gov</u>, 360.764.9204 (cell) 360.485.1198 (office/message)



Programs of -

WASHINGTON COLLEGE SAVINGS PLANS

THANK YOU!